# ASHEVILLE



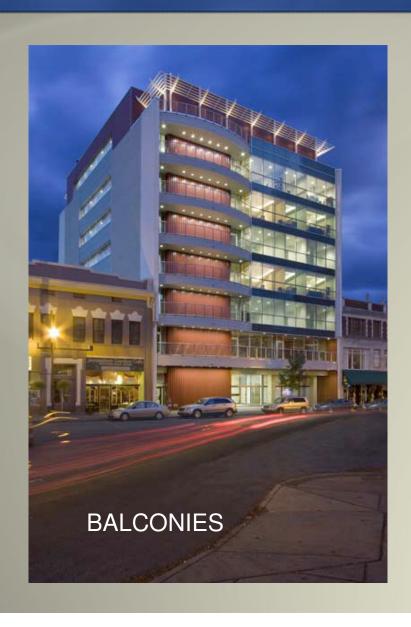
Planning & Economic Development Committee

Air Rights Policy Presentation

City of Asheville, Office of Economic Development Nikki Reid, Real Estate Manager September 9, 2009

# **Air Rights Requests**







### Encroachment vs. air rights sale

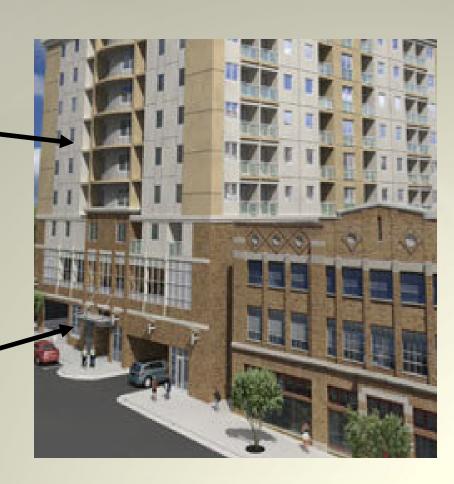


Permanent element to building:

Overhang in public ROW -

**Encroachment:** 

Metal awning



### **Valuation of Air Rights**



- Methods for valuing air rights include:
  - Comparable sales approach compares recent sales of air rights to the subject. Includes adjustments for time and location
  - Income Approach considers what is to be built in the air rights and the income to be derived from such improvements
  - Allocation from overall site value Percentage of value of site (land value) is then allocated to the value of air rights

### **Current Valuation**



#### **Allocation Method:**

#### Basis:

- Tax value of corresponding parcel
- 20% allocation for air rights

#### Aloft Example:

- 187 sq. feet air rights
- Tax value @ \$24 psf
- Yields air rights value of \$889 total



# Various examples of other cities



City	Method of Conveyance	Method of Establishing FMV
Greenville, SC	Encroachment Agreement	No Charge
Wilmington, NC	Encroachment Agreement	Flat Fee \$250
Asheville, NC	Sale of Air Rights	Tax Value; based on 20% allocation to air rights
Dallas, TX	Sale of Air Rights	Appraisal required; based on a 70% allocation

### **Policy Question**



Allocation Method (based on Dallas, TX model)

- (1) Rather than using tax valuation, request an appraisal from the applicant.
- (2) Increase the percentage used from 20% to 65%. This increase is consistent with more recent appraisal data on file.

## Valuation using Dallas, TX model



Project	Air rights	Scenario 1: Cost @ tax psf with 20%	Scenario 2: Cost @ \$90 psf with 65%
Aloft	187 sq ft	\$ 898	\$ 10,939.5
Zona	398 sq ft	\$ 1870	\$ 23,283
Capital Center	162 sq ft	\$ 5000***	\$ 9,477

<sup>\*\*\*</sup> price reflects 40%

# **Modified Valuation using tax value**



Project	Air rights	Scenario 1: Cost @ tax psf with 20%	Scenario 2: Cost @ tax psf with 65%
Aloft	187 sq ft	\$ 898	\$ 2,918.50
Zona	398 sq ft	\$ 1870	\$ 6,077.50
Capital Center	162 sq ft	\$ 5000***	\$ 8,125

# Comparison



Project	Air rights	Scenario 1: Cost @ tax psf with 20%	Scenario 2: Cost @ tax psf with 65%	Scenario 3: Cost @ \$90 psf with 65%
Aloft	187 sq ft	\$ 898	\$ 2,918.50	\$ 10,939.5
Zona	398 sq ft	\$ 1870	\$ 6,077.50	\$ 23,283
Capital Center	162 sq ft	\$ 5000***	\$ 8,125	\$ 9,477

### **Objectives**



- (1) Clear and consistent approach that allows potential applicants to make informed financial decisions
- (2) Allow for air rights sales, so no question in regard to title issues
- (3) The City to achieve a fair price for the sale of property
- (4) Architectural character & design elements to remain achievable